

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 1480 – HB 1712

March 26, 2018

SUMMARY OF ORIGINAL BILL: Requires certain expense reimbursements to members of the General Assembly be paid in accordance with Article II, Section 23 of the Constitution of Tennessee.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (015933): Deletes all language after the enacting clause. Requires the monthly expense allowance of each member of the General Assembly to be annually adjusted by a growth rate equal to the percentage change in the consumer price index, as compiled by the Bureau of Labor Statistics, for the 12-month period immediately preceding September 30 of each year. Requires adjusted growth rate not to exceed three percent in any year. Requires the monthly expense allowance not to be decreased below \$1,000.

Requires first adjusted growth rate to take effect November 6, 2018, and include an adjustment utilizing a compound annual consumer price index growth rate for the 12-month period immediately preceding each September 30 for years 2005-2018.

Authorizes a member of the General Assembly, upon annual application and with express approval by the speaker of the appropriate house, to transfer funds from the member's postal and printing allowance to be used for expenses in connection with the member's official duties when away from the seat of government.

Establishes the effective date of November 6, 2018.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Expenditures – \$21,100/FY18-19

\$64,000/FY19-20

Exceeds \$97,000/FY20-21 and Subsequent Years

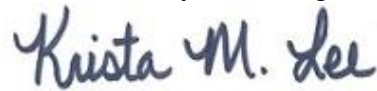
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Assumptions for the bill as amended:

- The current monthly expense allowance for members of the General Assembly is \$1,000. The total yearly allowance for all 132 members is \$1,584,000 ($\$1,000 \times 132 \times 12$ months).
- The average consumer price index growth rate from 2005-2017 is estimated to be approximately two percent.
- Increasing the allowance by an estimated two percent each year will increase such amounts to \$1,615,680 in FY18-19 ($\$1,584,000 \times 1.02$); \$1,647,994 in FY19-20 ($\$1,615,680 \times 1.02$); and an amount exceeding \$1,680,954 in FY20-21 and subsequent years ($\$1,647,994 \times 1.02$).
- The resulting increase in state expenditures is estimated to be \$31,680 in FY18-19 ($\$1,615,680 - \$1,584,000$); \$63,994 in FY19-20 ($\$1,647,994 - \$1,584,000$); and an amount exceeding \$96,954 in FY20-21 and subsequent years ($\$1,680,954 - \$1,584,000$).
- Due to the requirement that the first adjustment takes effect November 6, 2018, impacting eight months of FY18-19, the total increase in state expenditures in FY18-19 is estimated to be \$21,120 [$(\$31,680 / 12 \text{ months}) \times 8 \text{ months}$].

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

/vlh